Alberta weekly economic review

March 16, 2012

Manufacturing Shipments

Shipments start the year stronger...

Alberta's manufacturing shipments began 2012 on a positive note. Shipments rose 0.9% to $6.4 billion in January and were up a solid 16.5% when compared to the same month last year. Alberta's shipments are on an upward trend, rising on a year-over-year basis in each of the past 24 months. January's year-over-year gain was fairly broad-based, with a handful of industries experiencing especially large increases, notably Petroleum and Coal, Chemicals, Machinery, Equipment, and Fabricated Metals. Nationally, manufacturing shipments dropped for the first time in three months, but were up 5.0% over January 2011.

New Motor Vehicle Sales

Alberta auto sales highest in almost four years...

Albertans started 2012 by ringing in more vehicle purchases. After two monthly declines, new motor vehicle sales jumped 16.3% in January to their highest level in nearly four years. Sales are now up a staggering 23.2% when compared to the same month last year, the 11th straight month of year-over-year gains. The solid growth comes amid solid employment and income gains in the province. Nationally, new vehicles sales were also strong, climbing 15.5% over January 2011.

Resale Housing Market

Solid gain in home sales...

Supported by low mortgage rates and a robust labour market, February resale activity rose to the highest level in more than two years. After slipping in January, sales of existing home jumped 3.6% to 4,733 units in February, which is 8.0% above February 2011 levels. On the supply side, new listings were also up, by 2.8% to 8,852. As a result, the sales-to-new listings ratio remained steady at 0.53, an indication of balanced market conditions. At the city level, results were mixed, with Calgary sales growing 8.8% month-over-month compared to a 2.3% drop in Edmonton.

Along with stronger activity, resale house prices jumped to the highest level in almost four years. Alberta's average price jumped 5.1% to $360,510 in February, after two monthly declines. The monthly jump recovered all the ground that prices had lost over the last year and pushed prices 1.2% above the same month last year. Nationally, house prices increased 1.7% over February 2011.

Industry Capacity Utilization

Oil and gas industry capacity utilization rate the highest in ten years ...

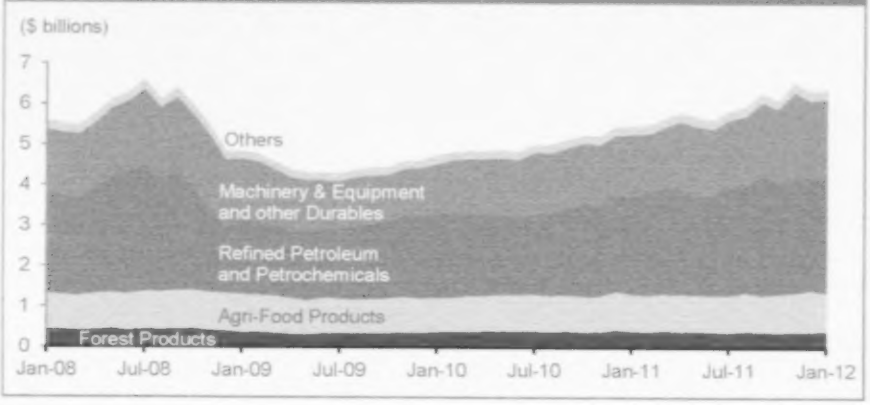
Capacity utilization in Canada's oil and gas industry jumped to a ten year high in the fourth quarter. After posting gains in the third quarter of 2011, oil and gas utilization ratio once again climbed, this time by 2.1 percentage points to 90.3%. Overall, Canadian industries were operating at 80.5% of their capacity in the fourth quarter, up from 78.0% a year earlier.

Household Net Worth

Canadians set new debt record, though debt-to-income ratio improves slightly...

Canadians once again set a new debt record in the fourth quarter of 2011. But even with debt climbing 1.3% to $1,619 billion, strong income growth pulled the credit market debt-to-personal disposable income ratio down to 150.6% from the third quarter reading of 152.0%. Despite the quarterly decline, the ratio has trended higher in recent years, and still stands well above the 146.2% reading from the same quarter last year. Heightened household debt is commonly cited as a risk to Canada's economy, as it makes Canadians vulnerable to income shocks or inevitable interest rate increases. The Bank of Canada, among others, has repeatedly voiced this concern.

Alberta Manufacturing Shipments by Major Industry Group



Closing Prices	March 8, 2012	March 15, 2012	2011–12 Fiscal YTD
Canadian Dollar (USD/CAN)	100.60	100.72	100.71
WTI Oil ($US/bbl)	$106.56	$105.11	$94.70
NYMEX Natural Gas ($US/MMBtu)	$2.27	$2.29	$3.64

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Sep	Oct	Nov	Dec	Jan	Feb
Population[2] (000's)	3,721	3,779	3,799	–	3,799	–	–	–	–
% change	1.3	1.6	1.7	–	1.7	–	–	–	–
Net Interprovincial Migration[3] (level)	-2,180	13,660	3,136	–	3,136	–	–	–	–
Net International Migration[3] (level)	21,533	14,093	7,560	–	7,560	–	–	–	–
Net Non-permanent Residents[3] (level)	-72	-7,988	2,296	–	2,296	–	–	–	–
Labour Market									
Employment (000's)	2,017	2,094	2,132	2,119	2,125	2,130	2,130	2,135	2,128
% change	0.4	3.8	3.3	5.1	4.4	4.0	4.9	3.9	2.6
Unemployment Rate (%)	6.5	5.5	5.0	5.1	5.1	5.0	4.9	4.9	5.0
Participation Rate (%)	72.9	73.7	73.4	74.2	74.1	74.2	74.0	74.1	73.7
Average Weekly Earnings ($)	965	1039.5	–	1,050.2	1,049.9	1,047.4	1064.8	–	–
% change	4.5	4.7	–	4.5	4.5	4.5	5.2	–	–
Price Indices									
Consumer Price Index	1.0	2.4	2.9	2.8	3.4	3.2	2.9	2.9	–
Excluding food and energy	0.8	0.8	1.4	1.4	1.1	1.6	1.2	1.4	–
New Res. Building Const. Price Index[4]	0.1	3.4	–	3.3	–	–	4	–	–
Farm Product Price Index	3.9	17.4	–	14.8	12.3	12.6	10.3	–	–
Crops	14.5	19.1	–	11.7	3.7	4.5	1.8	–	–
Livestock	5.7	17.2	–	14.6	19.4	19.4	17.6	–	–
Household Sector									
Housing Starts (SAAR, 000's)	26.9	25.5	28.4	24.4	33.0	30.0	26.3	25.6	31.1
% change	34.5	-5.3	35.6	-9.6	25.0	35.1	37.4	32.0	38.2
Housing Price Index[4]	0.5	0.4	0.70	0.0	0.7	0.4	0.5	0.7	–
Edmonton	0.8	0.9	1.30	0.6	1.3	1.1	1.5	1.3	–
Calgary	1.7	0.1	-0.10	-0.5	0.1	-0.2	0.1	-0.1	–
NEW: MLS Average Resale Prices ($ 000's)	350.9	365.8	351.8	359.2	362.3	365.6	361.0	343.0	360.5
% change	3.1	1.0	0.7	1.3	1.4	0.3	0.7	2.7	1.2
Edmonton ($ 000's)	326.5	325.7	329.6	331.8	336.7	336.0	329.0	326.2	334.1
% change	2.3	-0.9	2.7	3.0	0.7	0.9	1.3	0.7	4.7
Calgary ($ 000's)	397.4	402.8	394.5	410.4	401.5	399.7	402.4	378.5	410.4
% change	3.4	0.9	2.9	0.2	1.4	-0.2	1.7	6.2	0.4
Retail Sales	6.0	7.0	–	8.0	10.4	7.6	7.1	–	–
NEW: New Motor Vehicle Sales	9.3	9.3	23.2	5.4	19.9	12.6	11.2	23.2	–
Consumer Bankruptcies (level)	6,150	5,969*	–	535	515	–	–	–	–
% change	13.4	14.3*	–	29.3	26.4	–	–	–	–
Business Sector									
Rigs Drilling (level)	207	285	430	346	335	330	333	401	459
% change	61.3	37.9	8.9	66.5	28.7	19.4	25.8	7.5	9.9
Goods Exports (customs based)	12.4	18.3	12.6	27.8	21.3	29.9	14.6	12.6	–
Energy	17.2	19.2	11.9	27.2	35.4	42.0	16.3	11.0	–
Agriculture	14.4	21.4	27.2	41.5	36.5	31.7	10.9	27.2	–
Total Farm Cash Receipts (quarterly)	3.9	16.2	–	11.0	–	–	22.9	–	–
NEW: Manufacturing Shipments	11.0	18.0	16.6	22.9	17.0	25.5	16.1	16.5	–
Wholesale Trade	10.8	14.8	–	12.3	17.6	15.0	14.4	–	–
Building Permits	2.1	11.2	27.9	30.5	11.5	10.7	48.6	27.9	–
Residential	24.7	4.7	23.4	33.7	20.5	30.0	33.8	23.4	–
Non-residential	-19.0	20.4	37.0	26.2	-0.6	10.1	67.1	37.0	–
Business Bankruptcies (level)	378	227*	–	23	30	–	–	–	–
% change	-6.7	-27.9*	–	-32.4	-35.0	–	–	–	–

YTD (year - to - date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year - over - year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

[3] Quarterly, average of Calgary and Edmonton.

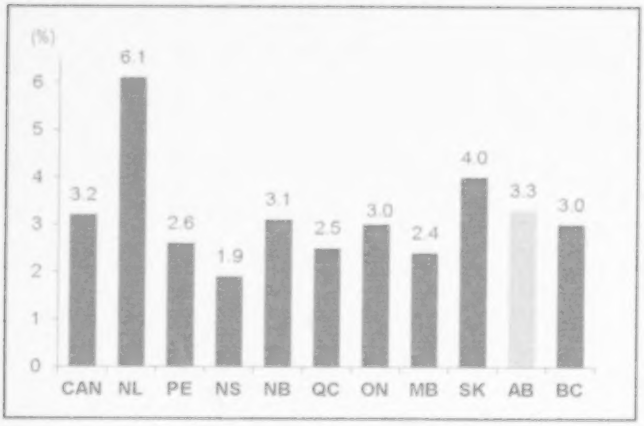
* Average of Calgary and Edmonton.

* Represents 2011 year - to - date.

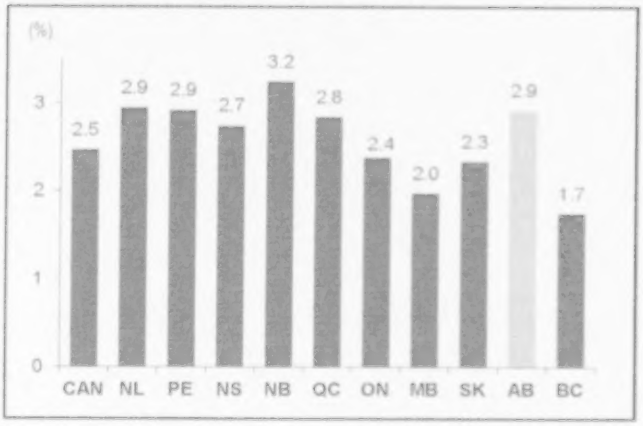
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

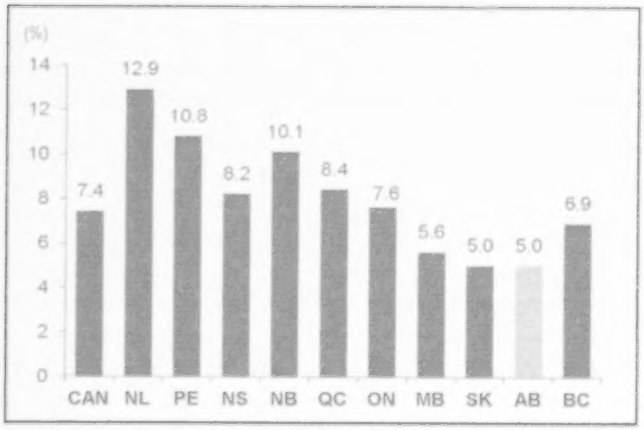
Real GDP Growth
(2010, year-over-year growth)



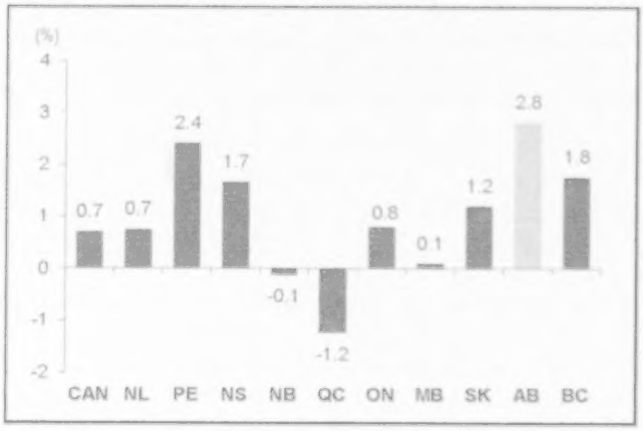
CPI Inflation
(January 2012, year-over-year growth)



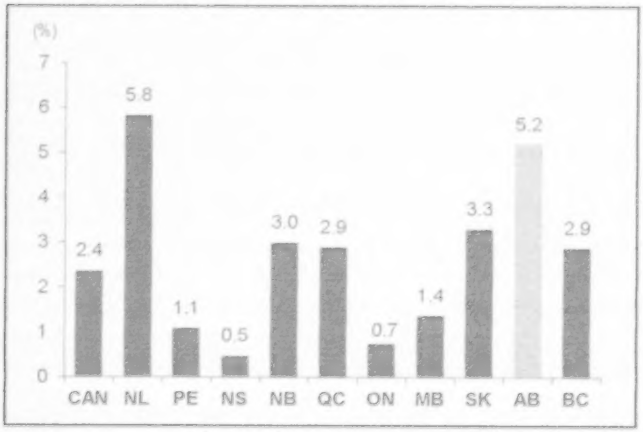
Unemployment Rate
(February 2012)



Employment
(February 2012, year-over-year growth)



Average Weekly earnings
(December 2011, year-over-year growth)



Housing Starts
(February 2012, SAAR, year-over-year growth)